



January 15, 2008

Barbara McNutt  
Chief Counsel  
Indiana Professional Licensing Agency

Indiana Economic Development Corporation

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Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") and contained in LSA Document 07-338. This rule makes changes regarding the approval of continuing education requirements for real estate appraisers. Specifically, the rule amends 876 IAC 3-2-4 to ensure compliance with the Financial Institutions Recovery, Reform, and Enforcement Act of 1989 [12 U.S.C. 3331-3351], ("Title XI") by requiring any appraiser whose license has been in "inactive" status to complete all of the necessary hours of continuing education for the years their license was inactive before being allowed to reactivate their license. The rule also amends 876 IAC 3-5 to ensure compliance with and implement rule changes based on Senate Enrolled Act 377, P.L. 57-2007, regarding the approval of continuing education providers either by the Real Estate Appraiser Licensure and Certification Board or the Appraisal Qualifications Board ("AOB") under the oversight of the Appraisal Subcommittee ("ASC"). The IPLA estimates that 23 continuing education providers and 2,608 real estate appraisers and trainee appraisers will be subject to the rule changes.

The rule changes will require that continuing education providers have their coursework (rather than the provider itself) approved by the Real Estate Appraiser Licensure and Certification Board or the AOB. The Board made the determination that any course less than or equal to seven hours in length will be able to seek approval from the Board, all other courses must seek approval from the AOB. Should the provider elect to have its courses approved by the AOB, the cost to the provider to have a 28 credit hour course program (the amount necessary for an appraiser to renew their license every two years) approved could range from \$1,500 to \$15,400 dependent on the types of courses the provider wants to offer. The IPLA estimates that 12 of the 23 continuing education providers subject to the rule are classified as small businesses. This corresponds to a total cost to small businesses ranging between \$18,000 and \$184,800 attributable to this component of the rule.

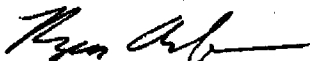
Real estate appraisers and trainee appraisers will incur costs associated with fulfilling their continuing education requirements through an AOB approved provider. Appraisers will also incur a cost by attending a course that is approved by the Board. The Board is unable to determine the amount that providers will charge for courses approved by the Board instead of the AOB. However, some instructors have indicated there will not be a cost difference passed onto the appraisers. A sampling of local AOB approved providers suggests that costs for continuing education requirements are approximately

\$16.00/ credit hour (\$200/year for a two year license period). It is expected that all appraisers and trainee appraisers are small businesses and that approximately 77% of appraisers seek to renew their licenses upon expiration. This corresponds to a total cost to all affected small businesses of \$404,200 [2,021 renewals X \$200/year = \$404,200].

The ASC has consistently questioned and scrutinized the validity of continuing education approved by state licensing boards, including Indiana. Their debate of the validity of our programs could cause the ASC to derecognize Indiana's appraiser program. Derecognition of Indiana's appraiser program could carry severe financial consequences for Indiana. Additionally, the IPLA believes it would not have the internal resources necessary to implement an optimal appraiser approval without hiring additional staff and raising fees. Thus, the IPLA believes this is the most cost effective option for the State of Indiana and for entities subject to the rule.

The IEDC does not object to the economic impact to small business associated with the proposed rule changes. If you have any questions about the comments contained herein please contact me at 232-8962 or [rasberry@iedc.in.gov](mailto:rasberry@iedc.in.gov).

Regards,



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Indiana Economic Development Corporation